



State of Louisiana
Louisiana Department of Health
Bureau of Health Services Financing

VIA E-MAIL ONLY

December 21, 2017

Mr. Aaron Lambert
Healthy Blue
10000 Perkins Rowe Suite G-510
Baton Rouge, LA 70810

RE: Notice of Action Regarding the Modernization Project

Dear Aaron:

Healthy Blue (HBL) has failed to meet a deadline associated with the LDH systems modernization project. LDH notified HBL of changes and updates the Department would be implementing that would require changes to HBL's systems to interface successfully.

The contract between HBL and the Louisiana Department of Health (LDH) provides:

16.0 SYSTEMS AND TECHNICAL REQUIREMENTS

16.1. General Requirements

16.1.3. All MCO applications, operating software, middleware, and networking hardware and software shall be able to interoperate as needed with DHH's systems and shall conform to applicable standards and specifications set by DHH.

16.3 Connectivity

16.3.1 DHH is requiring that the MCO interface with DHH, the Medicaid Fiscal Intermediary (FI), the Enrollment Broker (EB), and its trading partners. The MCO must have capacity for real time connectivity to all DHH approved systems. The MCO must have the capability to allow and enable authorized DHH personnel to have real-time connectivity to the MCO's system as remote connections from DHH offices.

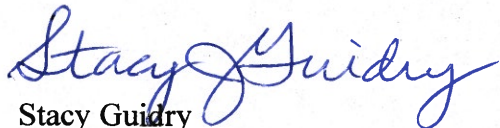
In September of 2017, LDH and HBL set a mutually agreed upon development deadline of November 17, 2017, to perform end to end testing as part of the current phase of the modernization project. HBL failed to meet this deadline.

In accordance with the contract, notice is hereby given to HBL that, if it cannot demonstrate compliance by performing end to end testing by January 17, 2018, penalties will be assessed as provided for in Section 20.4 of the contract shown below.

| Occurrence | Daily Amount for Days 1 - 14 | Daily Amount for Days 15-30 | Daily Amount for Days 31-60 | Daily Amount for Days 61 and Beyond |
|---------------|------------------------------|-----------------------------|-----------------------------|-------------------------------------|
| 1-3 | \$ 750 | \$ 1,200 | \$ 2,000 | \$ 3,000 |
| 4-6 | \$ 1,000 | \$ 1,500 | \$ 3,000 | \$ 5,000 |
| 7-9 | \$ 1,500 | \$ 2,000 | \$ 4,000 | \$ 6,000 |
| 10-12 | \$ 1,750 | \$ 3,500 | \$ 5,000 | \$ 7,500 |
| 13 and Beyond | \$ 2,000 | \$ 4,000 | \$ 7,500 | \$10,000 |

Please do not hesitate to contact me if you have any questions.

Sincerely,



Stacy Guidry
Section Chief, Health Plan Management

SG/lj

cc: Amy Landry
Jen Steele
Kim Sullivan
Natalie Newsom
File #: AMG2-06